

AGENCY-LEVEL FIVE-YEAR STRATEGIC PLAN

MISSION STATEMENT

To regulate and supervise pari-mutuel racing and wagering conducted in Arizona in order to protect racing participants and the wagering public. To regulate and supervise boxing events conducted in Arizona to protect all participants in these events.

AGENCY DESCRIPTION

The Department regulates the Arizona pari-mutuel horse and greyhound racing industries. The Department oversees, supervises and issues permits for all commercial horse, greyhound and county fair racing, including all live and simulcast racing; supervises off-track betting sites; conducts background checks and licenses all racing participants; collects state revenues generated by races; promotes and encourages the breeding of horses and greyhounds in the state; promotes and encourages the adoption of retired racehorses and retired greyhounds; and enforces laws and rules related to racing and wagering. The Department also regulates and supervises all professional boxing events and all mixed martial arts (MMA) contests in Arizona.

STRATEGIC ISSUES

Issue 1 Animal Drug Testing and Enforcement

In May 2007, the Office of the Auditor General recommended that the Department continue to move forward to align its drug testing practices with the Association of Racing Commissioners International (ARCI) Model Rules, seek consensus with the industry in areas where there may be concerns, and put the equine drug testing policy and penalties into administrative rule instead of solely in Department policy. In August 2007, the Commission endorsed the proposed Equine Animal Medication Model Rules with exceptions preferable for Arizona racing. The Commission approved an Interim Policy to become effective October 1, 2007. In September 2007, ARCI endorsed the Model Rules section (ARCI-011-020(J)) pertaining to the regulation of anabolic steroids. The Commission approved the addition of the anabolic steroids prohibition section to the Department Interim Policy. In September 2011, these policies

were dropped because they may have been in conflict with statute and rules. This made it imperative that the Department implement a new rule that would fully adopt the Model Rules.

In addition, the American Graded Stakes Committee met in August 2008 and made changes to its eligibility requirements and drug testing protocol. Those changes include regulation of anabolic steroids and require testing for alkalizing agents in graded stakes races beginning January 1, 2009, so that all horses participating in graded stakes have blood samples drawn pre-race in accordance with the Racing Medication and Testing Consortium's recommended best practices regarding "milkshaking." Each jurisdiction must determine the testing method, either TCO₂ or base excess, and set a baseline. A race will lose its grade eligibility if this testing is not performed. These additional tests will further improve the level of safety and integrity of the industry.

Issue 2 Human Drug Testing and Enforcement

The Department has the responsibility to monitor all permittee locations and has aggressively enforced the laws of Arizona and the Department's Administrative Code provisions regarding illegal substances. The protection of racing participants extends to the animal athletes and individuals who work directly with the animals and are under the influence of any type of illegal substance put other race participants, as well as the animal athletes, at risk. Individuals who can show a lawfully issued prescription for a substance resulting in a positive test are not subject to disciplinary actions.

Issue 3 License Application Process

The license application and licensing process has been updated to include an application more user friendly, while still obtaining the information necessary to determine eligibility for licensure. Computer equipment and an industry developed licensing software program have been acquired to provide a higher level of customer service, accuracy and efficiency. We continue to evaluate and modify our questions pertaining to criminal history. The changes made in this section have reduced false applications by 90%.

Issue 4 Increased Efficiency

On January 14, 2010, Governor Brewer signed an Executive Order creating the Commission on Privatization and Efficiency (COPE). COPE's mission is to streamline governmental operations through consolidation and outsourcing.

Issue 5 Boxing and Mixed Martial Arts Program

The staff of the State's Boxing and Mixed Martial Arts (MMA) Commission is within the Department of Racing. The Boxing and MMA Commission regulates and supervises professional boxing events and both professional and amateur MMA contests. The Boxing and MMA Commission's 5-year Review Report, which was approved by the Governor's Regulatory Review Council on May 1, 2012, identified a number of areas and rules that need to be improved and updated to better regulate the sports and provide contestants, promoters and officials with clearer understanding of applicable requirements. Key issues are the elimination of a statutory exemption for purported non-profit regulatory bodies and adoption of certain restrictions for amateur MMA contestants. There are also numerous boxing rules which need to be updated and amended.

STRATEGIES

Issue 1 Animal Drug Testing and Enforcement

The 2011 budget removed the Department from the General Fund and placed the Department's budget on full funding from the racing industry beginning in July, 2012. Because of this the Department was able to increase the number of tests per start in 2011-2012 and plans to increase that number in the next fiscal year. The Governor's Office has granted the Department a waiver to its rulemaking moratorium and the Department has drafted a set of rules which include fully aligning itself with the ARCI Model Rules. Because this is such an important issue, the Department will seek to have this section be considered an emergency rule so that it may take effect as soon as possible.

Issue 2 Human Drug Testing and Enforcement

Effective July 2011 new legislative changes gave the Department an exemption from the rulemaking requirements of Title 41 for one year. With this exemption the Department will be enhancing the administrative code provisions regarding illegal substances. The Department continues to monitor and ensure that Arizona commercial racing permittees provide pre-employment screening for new, unlicensed job applicants for positions at racetracks and off-track wagering facilities. During the license application process applicants who indicate involvement in criminal drug offenses could result in license denial. Additionally, the permittees grounds have been designed as "Drug Free Zone" with appropriate signage being displayed.

Issue 3 License Application Process

The Department's website continues to be an avenue to access the license application with instructions for completion, list of license fees, and description of license categories, along with local and national licensing information and links. Effective July 2011 new legislative changes occurred that provided the Department an exemption from the rulemaking requirements of Title 41 for one year. With this legislation the Department established an annual license period and established new licensing fees in amounts that are sufficient to help support the Department's mission during FY 2012 and to transition into 100% self-funding in FY 2013.

Issue 4 Increased Efficiency

Since FY 11, the Department has participated in interagency services agreements with the Department of Administration, the Office of the Attorney General, and the Department of Gaming. The Department has also outsourced functions such as rule writing, forensic investigations, animal medical and welfare consultation, and animal certification. Contracting with professionals in these areas provide superior results and free up staff for other assignments. The Department continues to take advantage of opportunities to streamline our operations, and will begin working with DOA Shared Services to provide HR services in FY 13.

Issue 5 Boxing and Mixed Martial Arts Program

During the next year, the staff will focus on implementing appropriate changes through statutory amendments and/or rulemaking. In addition, there will be training sessions for boxing and MMA officials. In the past, there has been no formal training of the industry's officials. Additional training and knowledge will enhance our officials' credibility and competence. With additional funds for drug testing, the Boxing and MMA Commission will also be able to regulate and discourage behavior that is detrimental to the industry. A substantial increase in drug testing expenditures will keep boxing and MMA clean and ensure that certain contestants do not have an unfair advantage.

RESOURCE ASSUMPTIONS

	FY 2013 Appropriation	FY 2014 Budget Request	FY 2015 Budget Request or Estimate	FY 2016 Estimate	FY 2017 Estimate	FY 2018 Estimate
Full-time-equivalent (FTE) Positions	40.5	40.5	40.5	40.5	40.5	40.5
General Fund	\$2,029,500	\$2,029,500	\$2,029,500	\$2,029,500	\$2,029,500	\$2,029,500
Other Appropriated Funds	\$2,831,200	\$2,831,200	\$2,831,200	\$2,831,200	\$2,831,200	\$2,831,200
Non-Appropriated Funds	\$16,900	\$97,900	\$97,900	\$68,400	\$68,400	\$68,400
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Total Agency Funds	\$4,877,600	\$4,958,600	\$4,958,600	\$4,929,100	\$4,929,100	\$4,929,100